

AMENDED IN ASSEMBLY JULY 24, 2009

**SENATE BILL**

**No. 830**

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**Introduced by Committee on Governmental Organization (Senators Wright (Chair), Benoit, Calderon, Denham, Florez, Harman, Negrete McLeod, Oropeza, Padilla, Romero, Wiggins, Wyland, and Yee) Senator Wright**

**(Principal coauthor: Senator Corbett)**

*(Principal coauthor: Assembly Member Torrico)*

*(Coauthors: Assembly Members Gaines and Hill)*

March 19, 2009

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~~An act to amend Section 19401 of the Business and Professions Code, relating to horse racing. An act to add Section 7090 to the Government Code, to add Section 6616 to the Public Contract Code, to add Section 381.7 to the Public Utilities Code, to add Section 6377 to the Revenue and Taxation Code, and to add Section 14003.5 to the Unemployment Insurance Code, relating to enterprise zones.~~

LEGISLATIVE COUNSEL'S DIGEST

SB 830, as amended, ~~Committee on Governmental Organization Wright. Horse racing law: intent. Automobile manufacturing enterprise zone: state agency acquisition of automobiles: public goods charge: workforce development: sales and use taxes: exemption.~~

*(1) Existing law, the Enterprise Zone Act, authorizes incentive programs to help retain existing industry within the state by creating designated enterprise zones that receive specified assistance.*

*This bill would, notwithstanding other provisions of the act, authorize the Governor, by executive order, to designate a facility that*

*manufactures automobiles in Fremont, California, to be an enterprise zone and to waive any requirements for that facility under the act.*

*(2) Existing law governing contracting between state agencies and private contractors sets forth requirements for the procurement of supplies, materials, equipment, and services by state agencies.*

*This bill would require state agencies, when procuring automobiles or trucks, to give preference to automobiles or trucks manufactured in a specified enterprise zone. This bill would also require state agencies, when preparing a solicitation for a contract for the procurement of automobiles or trucks, to award a 20-percent preference to automobile manufacturers operating in a specified enterprise zone.*

*(3) Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations and gas corporations, as defined. Existing law authorizes the commission to fix the rates and charges for every public utility.*

*This bill would require the Public Utilities Commission to direct the Pacific Gas and Electric Company to reduce, by 70 percent for a period of two years, the public goods charges collected from an automobile manufacturer operating in a specified enterprise zone.*

*(4) The Sales and Use Tax Law imposes a tax on retailers measured by the gross receipts from the sale of tangible personal property sold at retail in this state, or on the storage, use, or other consumption in this state of tangible personal property purchased from a retailer for storage, use, or other consumption in this state.*

*This bill would exempt from sales and use taxes the gross receipts from the sale of, and the storage, use, or other consumption of, tangible personal property, as specified, purchased for use primarily in the manufacturing of automobiles or trucks in a specified enterprise zone.*

*The Bradley-Burns Uniform Local Sales and Use Tax Law authorizes counties and cities to impose local sales and use taxes in conformity with the Sales and Use Tax Law, and the Transactions and Use Tax Law authorizes districts, as specified, to impose transactions and use taxes in conformity with the Sales and Use Tax Law. Exemptions from state sales and use taxes are automatically incorporated in these laws. Section 2230 of the Revenue and Taxation Code provides that the state will reimburse counties and cities for revenue losses caused by the enactment of sales and use tax exemptions.*

*This bill would provide that, notwithstanding Section 2230 of the Revenue and Taxation Code, no appropriation is made and the state*

*shall not reimburse local agencies for sales and use tax revenues lost by them pursuant to this bill.*

*(5) Under the federal Workforce Investment Act of 1998, the state receives federal funding for, among other things, job training programs. Existing law also establishes various state-funded job training programs.*

*This bill would give priority for grants awarded under the federal Workforce Investment Act or any other state or federally funded workforce development program, to automobile manufacturers operating in a specified enterprise zone, to the extent permitted by federal and state law.*

*(6) This bill would state the findings and declarations of the Legislature concerning the need for special legislation.*

~~Existing law expresses the intent of the Legislature to authorize parimutuel wagering on horse races while, among other things, supporting the network of California fairs.~~

~~This bill would delete from that expression of legislative intent supporting the network of California fairs.~~

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: ~~no~~-yes.

*The people of the State of California do enact as follows:*

1     SECTION 1. *The Legislature finds and declares all of the*  
2     *following:*

3     (a) *At one time California had eight automobile manufacturing*  
4     *plants located in the state. Today, the New United Motor*  
5     *Manufacturing, Inc. (NUMMI) plant in Fremont, California, is*  
6     *the only automotive plant west of the Mississippi.*

7     (b) *The NUMMI plant employs 4,700 workers who each typically*  
8     *earn \$60,000 per year and uses more than 1,000 California*  
9     *suppliers. The NUMMI plant creates nearly 20,000 jobs in the*  
10    *state, representing approximately \$523,000,000 in annual payroll*  
11    *and benefits.*

12    (c) *Recent news reports indicate that the NUMMI plant is*  
13    *considering closing the plant because of the financial condition*  
14    *of General Motors, a part owner of the plant, and the high*  
15    *manufacturing costs in the state.*

16    (d) *The loss of thousands of additional jobs will directly impact*  
17    *state revenues as well as contribute to California's housing*  
18    *foreclosure crisis and declining economy.*

1     (e) *It is the intent of the Legislature to urge the Governor to*  
2 *immediately engage in talks with the NUMMI plant and to prepare*  
3 *beneficial financial incentives to offer the company as part of any*  
4 *agreement to retain the NUMMI plant in California.*

5     SEC. 2. *Section 7090 is added to the Government Code, to*  
6 *read:*

7     7090. (a) *Notwithstanding any other provision of the*  
8 *Enterprise Zone Act, the Governor may designate a facility that*  
9 *manufactures automobiles in Fremont, California, to be an*  
10 *enterprise zone and waive any requirements for so designating*  
11 *that facility under the Enterprise Zone Act.*

12     (b) *The Governor shall exercise the authority under subdivision*  
13 *(a), to designate a facility that manufactures automobiles in*  
14 *Fremont, California, to be an enterprise zone or waive any*  
15 *requirements for the designation of that facility under the*  
16 *Enterprise Zone Act only by executive order.*

17     SEC. 3. *Section 6616 is added to the Public Contract Code, to*  
18 *read:*

19     6616. (a) *Every contract entered into by a state agency for*  
20 *the procurement of automobiles or trucks shall give preference to*  
21 *automobiles or trucks manufactured in an enterprise zone*  
22 *designated pursuant to Section 7090 of the Government Code.*

23     (b) *Whenever a state agency prepares a solicitation for a*  
24 *contract for the procurement of automobiles or trucks it shall*  
25 *award a 20-percent preference to automobile manufacturers*  
26 *operating in an enterprise zone designated pursuant to Section*  
27 *7090 of the Government Code.*

28     SEC. 4. *Section 381.7 is added to the Public Utilities Code, to*  
29 *read:*

30     381.7. *The commission shall direct the Pacific Gas and Electric*  
31 *Company to reduce, by 70 percent for a period of two years, the*  
32 *public goods charges collected from an automobile manufacturer*  
33 *operating in an enterprise zone designated pursuant to Section*  
34 *7090 of the Government Code. For purposes of this section, “public*  
35 *goods charges” mean the nonbypassable surcharges imposed upon*  
36 *retail sales of electricity and natural gas to fund low-income*  
37 *assistance programs, energy efficiency, renewable energy, and*  
38 *research, development, and demonstration authorized pursuant*  
39 *to Section 381, the Reliable Service Investments Act (Article 15*

1 (*commencing with Section 399*)), and Article 10 (*commencing with*  
2 *Section 890*) of Chapter 4.

3 SEC. 5. *Section 6377 is added to the Revenue and Taxation*  
4 *Code, to read:*

5 6377. (a) *There are exempted from the taxes imposed by this*  
6 *part the gross receipts from the sale of, and the storage, use, or*  
7 *other consumption in this state of, tangible personal property*  
8 *purchased for use primarily in any stage of the manufacturing of*  
9 *automobiles or trucks in an enterprise zone designated pursuant*  
10 *to Section 7090 of the Government Code.*

11 (b) (1) *“Manufacturing” means the activity of converting or*  
12 *conditioning property by changing the form, composition, quality,*  
13 *or character of the property for sale at retail or for use in the*  
14 *manufacturing of a product to be sold at retail. Manufacturing*  
15 *includes any improvements to tangible personal property that*  
16 *result in a greater service life or greater functionality than that of*  
17 *the original property.*

18 (2) *“Tangible personal property” includes, but is not limited*  
19 *to, machinery and equipment, including component parts and*  
20 *contrivances such as belts, shafts, moving parts, and operating*  
21 *structures.*

22 SEC. 6. *Section 14003.5 is added to the Unemployment*  
23 *Insurance Code, to read:*

24 14003.5. *Priority for grants awarded under the federal*  
25 *Workforce Investment Act, codified in Chapter 30 (commencing*  
26 *with Section 2801) of Title 29 of the United States Code, or any*  
27 *other state or federally funded workforce development program,*  
28 *shall be granted to automobile manufacturers operating in an*  
29 *enterprise zone designated pursuant to Section 7090 of the*  
30 *Government Code, to the extent permitted by federal and state*  
31 *law.*

32 SEC. 7. *The Legislature finds and declares that a special law*  
33 *is necessary and that a general law cannot be made applicable*  
34 *within the meaning of Section 16 of Article IV of the California*  
35 *Constitution because of the unique circumstances and economic*  
36 *importance of automobile manufacturing in Fremont, California.*

37 SEC. 8. *Notwithstanding Section 2230 of the Revenue and*  
38 *Taxation Code, no appropriation is made by this act and the state*  
39 *shall not reimburse any local agency for any sales and use tax*  
40 *revenues lost by it under this act.*

1     ~~SECTION 1. Section 19401 of the Business and Professions~~  
2     ~~Code is amended to read:~~  
3     ~~19401. The intent of this chapter is to allow parimutuel~~  
4     ~~wagering on horse races, while:~~  
5     ~~(a) Assuring protection of the public.~~  
6     ~~(b) Encouraging agriculture and the breeding of horses in this~~  
7     ~~state.~~  
8     ~~(c) Providing for maximum expansion of horse racing~~  
9     ~~opportunities in the public interest.~~  
10    ~~(d) Providing uniformity of regulation for each type of horse~~  
11    ~~racing.~~

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